

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION**

In re:)
AMFIN FINANCIAL CORPORATION, *et al.*,¹) Chapter 11
Debtors.) Case No. 09-21323
) (Jointly Administered)
) Judge Pat Morgenstern-Claren
)

**EX PARTE EXPEDITED MOTION OF THE DEBTORS SEEKING CANCELLATION
OF DISCLOSURE STATEMENT HEARING SCHEDULED FOR JUNE 10, 2011**

The above-captioned debtors (collectively, the “Debtors”) hereby move the Court pursuant to section 105 of chapter 11 title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”) and Rule 3017 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) for an order cancelling the hearing scheduled for June 9, 2011, 8:30am. In support of this Motion, the Debtors respectfully represent as follows:

Jurisdiction

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

Background

2. On November 30, 2009 (the “Petition Date”), each of the Debtors commenced a case under chapter 11 of the Bankruptcy Code. By orders entered on December 4, 2009, the

¹ The Debtors are: AmTrust Financial Corporation nka AmFin Financial Corporation (Case No. 09-21323), AmTrust Real Estate Investments, Inc. nka AmFin Real Estate Investments, Inc., (Case No. 09-21328), AmTrust Insurance Agency, Inc. nka AmFin Insurance Agency, Inc. (Case No. 09-21325), AmTrust Investments Inc. nka AmFin Investments Inc. (Case No. 09-21331), AmTrust Properties Inc. nka AmFin Properties Inc. (Case No. 09-21329) and AmTrust Management Inc. nka AmFin Management Inc. (Case No. 09-21332).

Debtors' chapter 11 cases have been consolidated for procedural purposes only and are being administered jointly. *See* Docket No. 37.

3. On January 6, 2011, the Debtors filed the Joint Plan of Reorganization [Docket No. 861] (the "Plan") and the Disclosure Statement in Support of AmFin Financial Corporation, et al. Joint Plan of Reorganization [Docket No. 862] (the "Disclosure Statement").

4. On January 7, 2011, the Debtors filed the Motion for Order (1) Scheduling a Hearing on the Disclosure Statement, (2) Approving Disclosure Statement, (3) Establishing Voting Record Holder Date, (4) Approving Solicitation Procedures, Form of Ballots, and Manner of Notice, and (5) Fixing the Date, Time and Place for the Confirmation Hearing and the Deadline for Filing Objections Thereto [Docket No. 866] (the "Procedures Motion").

5. On January 27, 2011, the Court granted the portion of the Debtors' Procedures Motion setting the Disclosure Statement Hearing for March 31, 2011 and approving the form of notice.

6. On March 28, 2011, the Court entered an order rescheduling the Disclosure Statement Hearing for June 10, 2011, 8:30 a.m.

7. On May 20, 2011, the Debtors filed amended versions of the Plan and Disclosure Statement. *See* Docket Nos. 1014, 1015.

Request for Relief

8. The Debtors request entry of an order cancelling the Disclosure Statement Hearing, because of a recent development in negotiations with the Noteholders (defined below). Debtors have been in communication with their creditor constituencies throughout these proceedings in an attempt to create a Plan in the best interest of all creditors. The structure of the Plan currently filed in these proceedings is based on the claim of the noteholders (the

“Noteholders”), filed against all six of the Debtors as a secured claim in the amount of approximately \$100 million, being treated as a single unsecured claim against AmFin Financial Corporation. The Debtors have consistently held the position that the Noteholders’ claim must be re-characterized as unsecured, because security interests were first obtained by the Noteholders within the 90 days preceding the Petition Date. On the Petition Date, the Debtors initiated an adversary seeking avoidance of actions taken by the Noteholders within the 90-day preference period, including the perfecting of security interests. That adversary proceeding was later dismissed without prejudice, by agreement of the parties.

9. It has become apparent recently that the Noteholders will not consent to the current Plan treatment of the Noteholders’ claim. With the Noteholders’ claim treatment in flux, it is impossible for the Debtors to request approval of the Disclosure Statement at this time.

10. The Debtors continue to seek to resolve the outstanding issues to permit submission of a consensual Plan. If those efforts are successful, the Debtors will request rescheduling of proceedings related to the Plan and Disclosure Statement.

WHEREFORE, the Debtors request that the Court enter an order cancelling the June 10th Disclosure Statement Hearing and granting any other relief the Court deems just.

Dated: June 9, 2011

Respectfully submitted,

SQUIRE, SANDERS & DEMPSEY (US) LLP

/s/ Sherri L. Dahl

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COUNSEL FOR DEBTORS

EXHIBIT A

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION**

In re:) **Chapter 11**
AMFIN FINANCIAL CORPORATION, et al.²)
Debtors.) **Case No. 09-21323**
) **(Jointly Administered)**
) **Judge Pat Morgenstern-Clarren**
)
)
)

**ORDER GRANTING EX PARTE EXPEDITED MOTION
OF THE DEBTORS SEEKING CANCELLATION
OF DISCLOSURE STATEMENT HEARING SCHEDULED FOR JUNE 10, 2011**

This matter came before the Court on the Ex Parte Expedited Motion of the Debtors Seeking Cancellation of Disclosure Statement Hearing Scheduled for June 10, 2011, filed by the above-captioned debtors (the “Debtors”) on June 9, 2011 [Docket No. __] (the “Motion”)³; the Court having reviewed the Motion and having found that (a) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; (b) venue is proper in this district pursuant to 28 U.S.C. § 1409; (c) this is a core proceeding pursuant to 28 U.S.C. § 157(b); after due deliberation the Court having determined that the relief requested in the Motion is necessary and essential to these chapter 11 proceedings, and that such relief is in the best interest of the Debtors, their estates and their creditors; and good and sufficient cause for such relief has been shown;

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED as set forth herein.

² The Debtors are: AmTrust Financial Corporation nka AmFin Financial Corporation (Case No. 09-21323), AmTrust Real Estate Investments, Inc. nka AmFin Real Estate Investments, Inc., (Case No. 09-21328), AmTrust Insurance Agency, Inc. nka AmFin Insurance Agency, Inc. (Case No. 09-21325), AmTrust Investments Inc. nka AmFin Investments Inc. (Case No. 09-21331), AmTrust Properties Inc. nka AmFin Properties Inc. (Case No. 09-21329) and AmTrust Management Inc. nka AmFin Management Inc. (Case No. 09-21332).

³ Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Motion.

2. The Disclosure Statement Hearing scheduled for June 10, 2011 is cancelled.

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Prepared by

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